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DEPARTMENT FOR EUR/NB, B/ESC/IEC, AND L

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SUBJECT: NORWAY UNVEILS HIGH NORTH STRATEGY

REF: OSLO 1496

Classified By: Deputy Chief of Mission Kevin M. Jhnson for reasons 1.4
b and d

¶1. (SBU) SUMMRY: Norway's recently unveiled High North strategy combines domestic and regional policies to promote economic and social development in the region improve scientific understanding of the BarentsSea, and bolster economic and social ties with Rssia -- including a proposal to establish an ecoomic and industrial cooperation zone along their shared High North border. The strategy combines policies from various ministries into a single document and sets overall goals for developing the High North. Norwegians are keen to work with international partners, the U.S. included (reftel), to share in the region's economic future. Post is crafting a high worth engagement approach to both explore new initiatives and highlight those underway. END SUMMARY

CONTINUE ECONOMIC GROWTH, RESPECT INDIGENOUS RIGHTS
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¶2. (U) The strategy notes that construction activity associated with the build-out of the Snohvit LNG project has brought an economic windfall to one part of the Norwegian High North. By encouraging the use of local contractors for any future energy projects, the Norwegian government will try to broaden regional benefits from energy activities and boost local competence. While energy is a key economic driver in the region, the Norwegians also want to diversify the High North economic base by fostering new industries such as marine bio-prospecting and cod farming. In addition to supporting new economic development, the High North strategy ensures indigenous peoples' (Sami) are able to continue their traditional economic activity by protecting animal husbandry areas and coastal and inland fisheries.

INCREASE COOPERATION WITH RUSSIA
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¶3. (SBU) The strategy calls for engagement with Russia on economic, environmental, and educational fronts. Specific areas of focus include cooperation to fight counterfeit imports, continued work on nuclear safety, and increased educational exchanges with Russian students. A Norwegian-Russian industrial cooperation zone straddling the Norwegian-Russian border is also proposed as a way to both deepen the economic relationship and to reuse some of the region's cold war infrastructure. MFA officials have told us that Norwegians plan to discuss details of an industrial zone with Russian counterparts in January 2007. To facilitate economic development, the strategy calls for feasibility studies on a rail link from Nikel (on the Russian side of the Norwegian border) to Narvik on the Norwegian Sea coast. A grander vision would link Norway to a proposed Northern

East-West Freight Corridor providing access to Asian or North American markets via Russia and Narvik.

WORK TO STOP UNREGULATED FISHING

14. (U) Norwegians have been aggressively enforcing environmental regulations in their part of the Barents Sea. The strategy continues this policy and calls for improved coordination among local authorities, the Norwegian Coast Guard, and military to better enforce environmental and fisheries agreements, particularly around the Svalbard archipelago and the northern Barents Sea. The strategy also calls for increased international cooperation (particularly with Russia) to stop illegal, unregulated, and unreported fishing in the Barents region.

ENVIRONMENTALLY CONSCIOUS DEVELOPMENT

15. (SBU) The strategy states that Norway will favor environmental over economic interests in future development decisions and that Norway will work to fully implement the Comprehensive Management Plan for the Barents's Region that set limits on petroleum exploration close to the Norwegian coast and around the sensitive Lofoten islands. (COMMENT: Public strategy statements that place environmental concerns above commercial interests in the region likely signal another compromise that the Labor led coalition has had to make with its less commercially friendly Socialist Left coalition partner. END COMMENT) The strategy also calls for increasing protections in Svalbard to maintain biodiversity in the archipelago. Additional research on the impact of climate change and organic pollutants on the High North and

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continued work on transportation safety and emergency preparedness in the Barents Sea region will be supported. Norwegians will propose adding an ice capable research vessel to maintain Norwegian research and national presence in the area year round.

U.S. GOVERNMENT RESPONSE

16. (SBU) A recent energy security conference held in Oslo (septel), our on-going High North dialogue, and Mission participation in High North seminars demonstrates our continuing interest in this region. Post is reviewing additional areas where we can work with Norway in response to their strategy including promoting educational exchanges for students and researchers, deepening commercial participation in High North development, and cooperation in renewable and traditional energy development programs. A permanent U.S. research presence on Svalbard and possible U.S. support for resolving legal disputes over Svalbard are other initiatives.

COMMENT

16. (C) Norway continues to push its High North agenda on energy, environmental and economic fronts. Norway's most important goal is really domestic, namely to revitalize the region to keep it populated. We see opportunities for engagement, however. Additional oil and gas discoveries in the region will make Norway's economic development plans more realistic, but ultimately, their strategy relies on successful cooperation with Russia. Norwegians know that U.S. engagement on High North issues is critical to garnering international consensus on maritime, environmental, and energy development issues. They also believe that the U.S. can serve as an effective counterweight to Russia in areas where Norwegian and Russian interests diverge such as the status of the waters off Svalbard and in their ongoing negotiations over the Barents Sea grey zone.

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